
The legislative instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Lauren B. Bailey.

CONFERENCE COMMITTEE REPORT DIGEST

Senate Bill No. 58 by Senator B. Gautreaux

Keyword and summary of the bill as proposed by the Conference Committee

RETIREMENT CREDIT. Allows members of the Louisiana State Employees' Retirement System to purchase service credit for purposes of retirement eligibility. (7/1/10)

Report adopts House amendments to:

1. Add provision requiring any member purchasing service credit under proposed law to pay the increase in his Office of Group Benefits health insurance premium to offset any increase in premium paid by his employer resulting from the retirement.

Report rejects House amendments which would have:

1. Requiring any member purchasing service credit and retiring under proposed law to pay the increase in his Office of Group Benefits health insurance premium to offset any increase in premium paid by his employer resulting from the retirement.

Report amends the bill to:

1. Delete the requirement that a member must have attained the age at which he would be eligible to retire in order to purchase service credit for eligibility purposes.
2. Delete the requirement that a member must have attained the age at which he would be eligible to retire in order to be eligible to upgrade all or a portion of his or her prior service credit purchased for calculation of benefits to credit for attaining eligibility and benefit calculation purposes.
3. Deletes the requirement that a member submit his application for retirement on or before January 31, 2011 and that a member must retire before February 1, 2011.

Digest of the bill as proposed by the Conference Committee

Present law (R.S. 11:429(A)) permits any member of the Louisiana State Employees' Retirement System (LASERS) who has credit in the system for at least one year of service to purchase up to five years of service credit in one-year increments. Provides that the member shall apply to the system

for such credit on or before June 30, 2005, and pay to the system by June 30, 2006, the greater of the amount calculated in accordance with the actuarial cost provisions of present law or the employee and employer contributions plus interest based on the member's current salary, which totally offsets the increase in accrued liability of the system resulting from such purchase of service credit. Provides the amount to be paid shall be paid in one lump sum, and no service credit shall be given to the member until or unless the amount is paid in full.

Proposed law retains present law.

Present law (R.S. 11:429(B)) permits any member of LASERS who has credit in the system for at least five years of service to purchase up to five years of service credit in one-year increments. Provides that the member shall apply to the system for such credit and pay to the system the greater of the amount calculated in accordance with the actuarial cost provisions of present law or the employee and employer contributions plus interest based on the member's current salary, which totally offsets the increase in accrued liability of the system resulting from such purchase of service credit. Provides the amount to be paid shall be paid in one lump sum, and no service credit shall be given to the member until or unless the amount is paid in full. Present law provides that the service credit purchased pursuant to present law shall be used for calculation of benefits only and shall not be used for purposes of attaining eligibility for retirement.

New purchase of eligibility

Proposed law provides that any member of LASERS who has credit in the system for at least five years of service and who lacks five years or less of service credit to become eligible to retire shall be eligible to purchase up to five years of service credit in one-year increments for purposes of attaining eligibility for retirement and calculation of benefits. Provides that the member shall apply to the system for such credit and pay to the system the greater of the amount calculated in accordance with the actuarial cost provisions of present law or the employee and employer contributions plus interest based on the member's current salary, which totally offsets the increase in accrued liability of the system resulting from the receipt of the credit by the member. Further provides that the amount shall be paid in one lump sum, and no service credit shall be given to the member until or unless the amount is paid in full. Proposed law provides that any member who avails himself of this option shall file an application for retirement pursuant to present law within thirty days of notification from the system that the credit purchase has been completed.

Upgrade of previously purchased service credit

Proposed law provides for an upgrade of service credit previously purchased for benefit calculation only pursuant to present law (R.S. 11:429(B)) to service credit applicable to both calculation of benefits and retirement eligibility for a member who would otherwise be allowed to make a first-time purchase pursuant to proposed law.

Proposed law requires any member purchasing service credit and retiring under proposed law to pay the increase in his Office of Group Benefits health insurance premium to offset any increase in premium paid by his employer resulting from the retirement.

Effective July 1, 2010.

(Amends R.S. 11:429(B))